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ABSTRACT

In 1996, the New York State Office of the Comptroller performed an audit of Tuition Assistance Program (TAP) awards at Borough of Manhattan Community College (BMCC) for the 1993-94 through 1995-96 academic years. TAP, the largest student grant and scholarship program administered by the Higher Education Services Corporation (HESC), is designed to provide tuition aid to eligible full-time students enrolled in approved programs. According to HESC's records, BMCC certified 18,803 students for 44,238 TAP awards totaling $39,079,866 over the period. Out of a statistical sample of 200 awards, 4 awards totaling $4,176 were disallowed because residency requirements were not met in 3 cases and the student had not matriculated in another. A statistical projection of audit disallowances to the entire population resulted in a disallowance of $173,313. In addition, 3 awards totaling $250 were disallowed from a review of awards outside the statistical sample period, resulting in a total disallowance of $173,563. The auditor recommended that the HESC recover the amount plus interest. (KP)

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Borough of Manhattan Community College
Report 96-T-3

David R. Hancox

New York State Office of the Comptroller

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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 4, 1997

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Robert J. Maurer
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: Borough of Manhattan Community College
Report 96-T-3

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution, Section 8, Article 2 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC) and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) at the Borough of Manhattan Community College (BMCC) for the 1993-94 through 1995-96 academic years.

Summary Conclusions

We determined that, according to Section 665(3)(b) of the State Education Law, BMCC was overpaid $173,563 because school officials incorrectly certified students as eligible for TAP awards. From our statistical sample of 200 awards totaling $179,832, we disallowed four awards totaling $4,176. A statistical projection of our audit disallowances to the entire population results in an audit disallowance of $173,313. We also disallowed three awards totaling $250 based on our review of other awards from outside the audit period. We determined that BMCC was, therefore, overpaid a total of $173,563 in TAP awards. We recommend that HESC recover this amount plus applicable interest from BMCC.

Background

BMCC is part of the City University of New York (CUNY) system. BMCC offers two-year programs leading to Associate in Arts (AA), Associate in Science (AS) and Associate in Applied Science (AAS) degrees. Twenty of the programs qualify eligible students for TAP.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs.

Draft copies of this report were provided to the State Education Department (SED), HESC and BMCC officials for their review and comment. We have considered their comments in preparing this audit report. SED, HESC and BMCC officials agreed with the findings and disallowances presented in this report.

Audit Scope

The objective of our financial and compliance audit was to determine whether BMCC management complied with appropriate laws and regulations for certifying students as eligible for TAP awards.

According to HESC's records, BMCC certified 18,803 students for 44,238 TAP awards totaling $39,079,866 during the 1993-94, 1994-95 and 1995-96 academic years. We selected and reviewed a statistical sample of 200 awards totaling $179,832 paid on behalf of 200 students over the three-year period ended June 30, 1996. We also reviewed other awards that came to our attention during the audit. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to determining the amount of the awards.

We did our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of BMCC which are included within our audit scope. These standards also require that we review and report on BMCC's internal control system and its compliance with those laws and regulations that are relevant to BMCC's operations and are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting records and applying such other auditing procedures as we consider necessary. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and doing our audit of BMCC, we reviewed management's internal control system. Our audit was limited to a preliminary review of the internal control system to obtain an understanding of the environment and controls applicable to the flow of transactions through the accounting system and other systems supporting the claims for student financial aid.

BMCC management is responsible for complying with laws and regulations. In connection with our audit, we tested BMCC's compliance with certain provisions of laws, rules and regulations. Our objective in doing these tests was to obtain reasonable assurance that the amount of TAP BMCC received was allowable. Our objective was not to provide an opinion on BMCC's overall compliance with such provisions.

The results of our audit showed that for the transactions and records tested, BMCC complied, in all material respects, with the provisions referred to in the preceding paragraph, except as noted in the following sections of the report.

Audit Disallowance

The following table summarizes the disallowances that resulted from our audit.

Reasons for Disallowances	Number of Awards	Amount	
Disallowances from the Statistical Sample:			
Residency Requirement Not Met	3	$3,151	
Student Not Matriculated	1	1,025	
Total Sample Disallowances	4	$4,176	
Projected Amount			$173,313
Disallowances from Years Outside the Statistical Sample:			
Student Not Matriculated	1		250
Total Audit Disallowances			$173,563

The various types of disallowances are discussed in the following sections of this report. Details of the statistical projection, students' names and related information were provided to BMCC officials separately.

Residency Requirement Not Met

Criteria - Section 661 of the Education Law (Law) states "...an applicant for an award at the undergraduate level of study must...have been a legal resident of the state for at least one year immediately preceding the beginning of the semester, quarter or term of attendance for which application for assistance is made...."

HESC's Manual on Programs and Procedures stipulates that institutions should not certify eligibility for State awards for any student whose New York State residence is suspect.

Audit Determination - We found that BMCC officials certified three awards totaling $3,151 paid to three students who did not meet the residency requirement. Two students immigrated from outside the U.S. and were New York residents for less than one year before certified for TAP awards. The other student claimed to live in New York State. However, we found that he attended high school in New Jersey, and that his mailing address and telephone number were also in New Jersey. We find that this student's claim of New York State residency is suspect.

School Officials' Position - BMCC officials agreed with this finding.

Student Not Matriculated

Criteria - Section 661 of the Law states that a student must be matriculated in an approved program to be eligible to receive State financial aid. Section 145-2.4 of the Regulations states one criterion for matriculation as follows: "In accepting the student's application for enrollment, the institution has taken into account the capacity of the student to undertake a course of study and its own capacity to provide instructional and other support the student needs to complete the program."

Section 52.2 of the Regulations states "the admission of students shall be determined through an orderly process using published criteria which shall be uniformly applied." Meeting this criterion is demonstrated by students meeting the School's established written admission criteria as published in its catalog. BMCC's 1992-94 and 1994-96 catalogs' published admission criteria require students to have a high school diploma or its equivalent.

Audit Determination - We identified one sample award of $1,025 and three out-of-sample awards totaling $250 for one student who was not properly matriculated." This student did not have a high school diploma or GED as required.

School Officials' Position - BMCC officials agreed with this finding.

Other Matter Needing Attention

Information and Recordkeeping

Criteria - Section 52.2 of the Regulations requires each school to maintain a permanent, complete, accurate and up-to-date transcript for each student. Part 2205.3 of the Regulations requires that institutions be responsible for the accuracy of the information provided to HESC concerning a student's fulfillment of financial aid eligibility requirements.

Audit Determination - We found all registered courses are not included on the students'

transcripts. We found that courses that students drop during the school's add/drop period do not appear on the student's transcript. The student transcript should reflect all courses for which they were registered to accurately reconcile to the amount of financial liability students incurred.

Recommendation to the Higher Education Services Corporation

Recover $173,563 plus applicable interest, from BMCC for its incorrect TAP certifications.

Recommendation to the State Education Department

Ensure that BMCC complies with SED regulations as they pertain to matriculation and recordkeeping as discussed in this report.

Major contributors to this report were William Challice, Carmen Maldonado, Frank Russo, Kenneth I. Shulman, David Louie, Lu Pham, Kitty Cheung and Don Collins.

We wish to express our appreciation to the management and staff of BMCC for their courtesies and cooperation.

Yours truly,

David R. Hancox

David R. Hancox
Audit Director

cc: Dr. Antonio Perez
Mr. Louis Chiacchere
Patricia A. Woodworth